3 Rebounding TSX Index Dividend Stars for Your TFSA Income Portfolio

Description

The pullback in the TSX Index has provided investors with an opportunity to pick up some top companies with attractive yield at reasonable prices. This is welcome news for retirees and other income investors who are constantly searching for quality stocks that pay reliable and growing dividends.

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Let's take a look at three rising TSX Index stocks that might be interesting buys today for an income portfolio.

BCE (TSX:BCE)(NYSE:BCE)

BCE saw its share price fall from $61 a year ago to below $51 at the end of October. Since then, the stock has surged back above $54 and more gains could be on the way.

Why?

BCE reported solid Q3 2018 results, supported by the company's investments in its state-of-the art wireless and fibre networks. The roll-out of the fibre-to-the-premises program continues, as BCE brings advanced broadband right to the door of millions of households and businesses. The fibre network sets the company apart from other players in the industry.

BCE delivered a year-over-year adjusted net earnings gain of 4.5%, with all of its segments reporting stronger Q3 revenue numbers compared to 2017.

The quarterly dividend of $0.755 per share provides a yield of 5.6%.

Enbridge (TSX:ENB)(NYSE:ENB)

Enbridge also had a rough ride through most of 2018, but bargain hunters are finally moving back into the stock.

Management launched an ambitious turnaround plan a year ago that set the stage for a major overhaul of the business in 2018. The company originally targeted $3 billion in non-core asset sales for the year, but already found buyers for $7.5 billion of the initial $10 billion in assets that were identified for the sale process.

Enbridge is using the funds to reduce debt and help fund a $22 billion development portfolio that includes 10 projects that should be completed through the end of 2020.

As the new assets go into service, revenue and cash flow will improve and investors should see continued dividend growth. The current distribution provides a yield of 6.2%.

The stock is up from $40 at the end of October to $43.50.

Fortis (TSX:FTS)(NYSE:FTS)

Fortis has surged from $41 per share in the middle of October to $45.50 per share. That’s a big move for a steady utility play.

Investors are applauding solid Q3 earnings and a strong growth outlook. Fortis reported Q3 2018 adjusted net earnings of $276 million, or $0.65 per share, compared to $254 million, or $0.61 per share, in Q3 2017.

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The company’s five-year capital plan for 2019-2023 is $17.3 billion. This should boost the rate base from $26.1 billion to $35.5 billion and support annual dividend increases of at least 6% over that time frame.

The existing dividend provides a yield of 4%.

The bottom line

BCE, Enbridge, and Fortis all pay reliable dividends that should continue to grow. The three stocks appear to have bottomed, and investors could see the recent rallies extend into 2019.

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Date
2025/08/19
Date Created
2018/11/12
Author
aswalker

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